GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1846
ANSWERED ON:04.08.2005
LOSSES TO REFINERIES
Oram Shri Jual

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether some of the Oil Refineries in the country are running at loss;

(b) if so, the details thereof and the reasons therefor during each of the last three years, Refinery-wise;

(c) whether the Government has made any effort to wipe out the accumulated losses and to earn profit; and

(d) if so, the details thereof?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (d): None of the refineries have incurred a loss. However, when considered on an integrated basis, Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited have incurred net and/or cash losses during April-June 2005.

The international prices of crude oil and petroleum products impact the domestic prices. With a view to containing the burden of the increase in international prices on consumers of the sensitive petroleum products, it was decided that the burden should be equitably shared by consumers, the Government and oil companies. Government on its part, have reduced the duties on sensitive products effective 19.8.2004 and subsequently in the current budget. The oil marketing companies (OMCs), in accordance with administrative instructions have been modulating the impact of high oil prices on domestic retail prices of sensitive products. This has resulted in huge under- recoveries to OMCs in previous years and even cash losses in the first quarter of this year.